

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re

Chapter 11

WILLOUGHBY ESTATES LLC

Debtor

Case No. 19-45886 (CEC)

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NOTICE OF HEARING

PLEASE TAKE NOTICE, a hearing will be held on May 20, 2020 at 3:30 p.m. (the “Hearing”) before the Honorable Carla E. Craig, at the United States Bankruptcy Court, 271-C Cadman Plaza East, Brooklyn, NY to consider the annexed motion (“Motion”), pursuant to section 502(a) of the Bankruptcy Code, objecting to Claim #5 filed in this case and seeking the entry of an order expunging or reclassifying the claim.

PLEASE TAKE FURTHER NOTICE, that objections, if any, must be in writing, served upon the undersigned, and filed with the Clerk of the Bankruptcy Court, with a courtesy copy to the Honorable Carla E. Craig’s chambers, so as to be received on or before seven days before the Hearing.

Dated: New York, New York
April 6, 2020

Nutovic & Associates

By: s/Isaac Nutovic
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OBJECTION TO CLAIM #5 of COMMINGLING CLAIMANTS

Willoughby Estates LLC (the “Debtor”), by its attorneys, Nutovic & Associates, as and for its motion (“Motion”) under section 502(a) of the Bankruptcy Code for the entry of an order expunging or reclassifying Claim #5 filed in this case respectfully represents as follows:

BACKGROUND

1. On April 24, 2017 the Debtor, among others, was sued in an action styled *Schonberg Et al v. Strulovitch et a* , 17 Civ. 2161 in the United States District Court for the Eastern District of New York (the “Federal Action”). In the Federal Action plaintiffs sued multiple defendants alleging a Ponzi scheme orchestrated principally by Yechezkel Strulovitch (“Strulovitch”). The plaintiffs included limited liability companies and individual members of those limited liability companies. After the defendants filed a motion to dismiss the Federal Action, the District Court either dismissed or referred certain claims to arbitration which formed the predicate for federal jurisdiction; it then declined to exercise supplemental jurisdiction over the balance of the state court claims. The plaintiffs in the Federal Action have filed a motion for leave to file a third amended complaint which is pending.

2. At the time of the commencement of the Federal Action, CSRE LLC, was the manager of the Debtor.

3. On September 26, 2019, the Debtor filed a petition under Chapter 11 of the Bankruptcy Code. Just prior to the petition being filed, the majority of the holders of membership interests in the Debtor voted to remove CSRE LLC as manager.

4. After the Debtor's case was commenced the Debtor was severed from the Federal Action. On January 17, 2020, certain of the Federal Action plaintiffs including over 130 individuals (the "Individual Claimants") and 23 entities (the "LLC Claimants") (collectively, the "Commingling Claimants") filed claim #5 (the "Claim") (copy annexed as Exhibit A) against the Debtor, substantially mirroring the allegations in the Federal Complaint in a Statement of Claim. The amount of the Claim is listed as unknown.

5. The Claim appends no documents or evidentiary material. The Debtor objects to the Claim and demands that the Commingling Claimants produce documents and other evidentiary material substantiating the allegations made in the Statement of Claim as against the Debtor, failing which it should be expunged. The Debtor also demands that the Commingling Claimants produce evidence quantifying, as against the Debtor, the amount of their Claim.

6. The Debtor requests subordination of the LLC Claimants' Claim pursuant to 11 U.S.C. §510(b) to the extent it arises from the purchase of a security of the Debtor or of an affiliate of the Debtor.

[DELIBERATELY BLANK]

CONCLUSION

WHEREFORE, the Debtor respectfully requests that the Court grant the Motion expunging or reclassifying the Claim and grant such other relief as may be just and proper.

Dated: Brooklyn, New York
April 6, 2020

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